

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1929 - HB 2270

February 21, 2014

SUMMARY OF BILL: Creates new money laundering offenses for using property to obtain, purchase, display, sell conceal, comingle, or transport criminal proceeds or commit TennCare fraud.

Provides for forfeiture of assets and proceeds used to obtain, purchase, display, sell conceal, comingle, or transport criminal proceeds or commit TennCare fraud.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$33,900/Incarceration*

Assumptions:

- The proposed legislation creates a Class E felony, punishable by \$5,000 fine only, for using property to obtain, purchase, display, sell conceal, comingle, or transport criminal proceeds or commit TennCare fraud. Any proceeds used during the commission of the offense are subject to forfeiture.
- Based on the Fiscal Review Committee's 2008 study of incarceration costs and fines, collection of fines for felony offenses is negligible. There will not be a significant increase in revenue as a result of the new \$5,000 fine.
- The proposed legislation creates a Class B felony for using on five or more separate occasions property to obtain, purchase, display, sell conceal, comingle, or transport criminal proceeds or commit TennCare fraud.
- It is assumed that the proposed legislation will result in one new Class B felony every four years.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. Population growth will not affect the fiscal impact of this legislation.
- The average time served for a Class B felony is 5.6 years.
- A recidivism discount of 48.29 percent applies, but due to the low number of admissions added by this legislation, the recidivism discount does not impact the incarceration cost for the proposed legislation.
- According to the Department of Correction (DOC), the average operating cost per offender per day for calendar year 2014 is \$66.29.
- The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based

on one offender every four years serving 5.6 years (2,045.4 days) for an annualized total of \$33,897.39 [(\$66.29 x 2,045.4 days) / 4].

- It is assumed that the courts, district attorneys, and public defenders can handle one extra felony case every four years within their existing resources.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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